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Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, DC 20554

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

EX PARTE OR LATE FILED

**Ex Parte: CC Docket Nos. 96-45, 98-171, 90-571, 92-237, 99-200, 95-16 and NSD
File No. L-00-72**

Dear Ms. Dortch:

AARP understands the Commission is now considering modifications to the current system for assessing contributions to support the federal universal service mechanisms. On October 25, a number of companies and industry associations jointly filed an *ex parte* letter ("Joint Letter") urging the Commission to adopt an interim recovery mechanism which would continue to be based on interstate revenue, with modifications to address concerns that have been raised with respect to the current method.¹ We support this approach.

AARP has been consistent in its support for universal service, and for the need to provide a secure source of funding for federal universal service programs. We have been equally consistent in opposing the adoption of a new method of assessing universal service contributions based on connections. As explained in our submission of August 13, such a plan would be harmful to the very population the fund seeks to help.² Within the last few weeks, several of the main proponents of the connections-based proposal have withdrawn their support. Some of them have urged the Commission to adopt instead still another new proposal, based on telephone numbers. AARP does not believe that the Commission has an adequate record on which to base a decision on a number-based assessment method.

Ideally, AARP would prefer to see the elimination of surcharges as a means to collect universal service funds. Absent such a fundamental shift, AARP supports maintaining the current method of basing contributions on interstate revenues, with appropriate modifications, as the joint letter proposes.

¹ *Ex Parte* Letter of the Cellular Telecommunications and Internet Association, Qwest Communications International, Inc, United States Telecom Association, Verizon Communications, and Verizon Wireless, CC Docket Nos. 96-45, 98-171, 90-571, 92-237, 99-200, 95-16 and NSD File No. L-00-72, October 25, 2002.

² *Ex Parte* Letter of David Certner, August 13, 2002.

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AARP has also urged that carriers be required to recover their universal service contributions in an equitable manner that does not disadvantage residential customers. The proposal in the joint letter would help move in this direction by implementing a "collect-and-remit" approach. Because the lag in the current system would be eliminated, and because carriers would no longer be responsible for uncollectible amounts, this change would do away with much of the justification some carriers have used to establish universal service charges well in excess of the percentage assessed by the fund administrator. AARP believes that this approach should ensure that universal service contributions do not unfairly burden any class of customer.

In summary, AARP believes that the proposal outlined in the joint letter represents the best available alternative to ensure the continued viability of the federal universal service programs, while allocating the contributions necessary to support these programs in an equitable manner. We urge the Commission to adopt this approach.

If you have any further questions, please feel free to call me, or to have your staff call Jeff Kramer of our Federal Affairs staff at 434-3800.

Sincerely,

A handwritten signature in black ink, appearing to read "David Certner", with a long horizontal flourish extending to the right.

David Certner
Director
Federal Affairs

cc: Chairman M. Powell
Commissioner K. Abernathy
Commissioner M. Copps
Commissioner K. Martin
C. Libertelli
M. Brill
D. Gonzalez
J. Goldstein
W. Maher
C. Matthey
E. Einhorn